

PART 2 - General Terms and Conditions  
SECTION 2 - Regulations

Original Sheet No. 20

20. APPLICATION OF REVISED CHARGES

- A. For services for which a firm order is placed by the customer prior to the effective date of a change in nonrecurring charges, Service Charges, Contract Charging Plan Contract Charges and Variable Term Payment Plan Charges:
- (1) Where the installation or other work is completed within 30 days following the effective date of the change, the previously effective nonrecurring charges, Service Charges and Contract Charges apply.
  - (2) Where the installation or other work is completed more than 30 days following the effective date of the change, the new or revised nonrecurring charges, Service Charges and Contract Charges apply, except as provided in a. and b. following.
    - a. The previously effective charges apply if the Company cannot provide the service ordered within the 30 days, and the service ordered is installed on the earliest date on which the Company can provide the service.
    - b. The previously effective charges apply if the installation or other work is completed within a longer interval as may be specified in the particular tariff change.
  - (3) Where the installation or other work is completed more than 30 days following the effective date of the change due to the customer's inability to meet all obligations necessary for the provision of such service, the new or revised nonrecurring charges, Service Charges and Contract Charges apply.
- B. For services for which a firm order is placed by the customer on or after the effective date of a change in nonrecurring charges, Service Charges, Contract Charging Plan Contract Charges and Variable Term Payment Plan Charges, the charges in effect on the date the order is placed apply.
- C. Nothing in this Paragraph shall be construed to require the installation on or after January 1, 1984, of new or additional items of customer premises equipment which have been deleted from this tariff as of January 1, 1984.
- D. When complete disconnection of service takes place prior to January 1, 1984, the Set Recovery Plan, as administered by the Company, will continue in effect until January 31, 1984, for customers eligible for a credit allowance under the plan.

Material formerly appeared in ILL. C. C. No. 5, PART 1, Section 5, 6th Revised Page 8.

Issued: October 23, 1995

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By D. H. Gebhardt, Vice Pres. - Reg. Affairs  
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PART 2 - General Terms and Conditions  
SECTION 2 - Regulations

Original Sheet No. 21

21. USE OF CUSTOMER-PROVIDED FACILITIES

Customer-provided terminal equipment and customer-provided communications systems may be used with facilities provided by the Company as specified in Section 9 of this PART or elsewhere in this tariff.

22. POWER SUPPLY

The customer is responsible for providing a suitable supply of commercial electrical power, including outlets, when and where required by the Company for the operation of any Company-provided telecommunications equipment on the customer's premises.

23. INTERRUPTIONS TO SERVICE

- 23.1 When service is interrupted and the interruption exceeds the appropriate qualification period (as measured from the time the interruption is reported to or detected by the Company, whichever occurs first) as shown in 23.4 following, a credit allowance will be made, at the customer's request, for the service which is rendered useless and inoperative due to the interruption.

For multiplexed service ordered under the Shared Network Arrangement, the host subscriber, as well as each service user, must notify the Telephone Company of any service outage in order to receive their portion of the credit allowance.

- 23.2 A credit allowance will not be given for:

Interruptions caused by the negligence or willful act of the customer.

Interruptions caused by the customer-provided facilities.

Interruptions caused by electric power failure where the customer furnishes such electric power.

- 23.3 The credit allowance will be based upon the ratio of the duration of the service interruption (measured from the time the interruption is reported to or detected by the Company, whichever occurs first, and expressed in multiples of the appropriate allowance increment shown in 23.4 following) to the total time in a 30-day month. That ratio, multiplied by the monthly charge for the service affected shall determine the amount of the credit allowance. No other liability shall attach to the Company in consideration of such interruption to service.

Material formerly appeared in ILL. C. C. No. 5, PART 1, Section 5, 6th Revised Page 8 and 5th Revised Page 9.

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PART 2 - General Terms and Conditions  
SECTION 2 - Regulations

Original Sheet No. 22

23. INTERRUPTIONS TO SERVICE (cont'd)

23.4	Service	Qualification Period	Allowance Increment*
A.	All services except those listed below	12 hours	24 hours
B.	Telecommunications Channel Service		
(1)	Series 1000 and Series 3000		
	intraexchange	24 hours	24 hours
	interexchange	1/2 hour	1/2 hour
(2)	Series 2000		
a.	All Series 2000 Channels except Type 2002	24 hours	24 hours
b.	Type 2002 Channels		
	intraexchange	24 hours	24 hours
	interexchange	1/2 hour	1/2 hour
(3)	Series 6000 and Series 7000 (Type 7001)	#	#
(4)	Series 7000 Type 7003	2 hours	1 hour

\* Major fractions (more than 1/2) of these increments are treated as whole increments.

# Allowance for interruptions shall in no event exceed an amount equivalent to the proportionate charge to the customer for the period of time during which such interruption occurs.

Material formerly appeared in ILL. C. C. No. 5, PART 1, Section 5, 5th Revised Page 9 and 23rd Revised Page 10.

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Tariff

PART 2 - General Terms and Conditions  
SECTION 2 - Regulations

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23. INTERRUPTIONS TO SERVICE (cont'd)

23.4 (cont'd) Service Qualification Period Allowance Increment<sup>1/</sup> (T)

C. WATS

As specified in PART 10 of this tariff or of tariff ILL C. C. No. 19, as appropriate.

D. Foreign Exchange, Foreign Central Office and Foreign District Service 24 hours 24 hours

E. Direct Digital Service, Direct High Capacity Service except for individual channelizing (plug-ins) and NOVALINK Fiber Optic Service.

(1) Interruptions (as defined in PART 20, Section 15, for Direct High Capacity Service, PART 15, Section 5 for Direct Digital Service and NOVALINK Fiber Optic Service) of 24 Hours or Less

<u>Length of Interruption</u>	<u>Credit</u>
Less than 30 minutes	None
30 minutes and up to, but not including, 3 hours	1/10 day
3 hours and up to, but not including, 6 hours	1/5 day
6 hours and up to, but not including, 9 hours	2/5 day
9 hours and up to, but not including, 12 hours	3/5 day
12 hours and up to, but not including, 15 hours	4/5 day
15 hours and up to 24 hours inclusive	One day

Two or more interruptions of 30 minutes or more during any period up to, but not including 3 hours, shall be considered as one interruption.

(2) Interruptions (as defined in PART 20, Section 15, for Direct High Capacity Service, PART 15, Section 5 for Direct Digital Service and NOVALINK Fiber Optic Service) of Over 24 Hours

Credit will be allowed in 1/5 day multiples for each 3 hour period of interruption or fraction thereof. No more than one full day's credit will be allowed for any period of 24 hours.

F. Ameritech 384, Ameritech DS1, Ameritech DS3, Ameritech OC-3 and Ameritech OC-12 Services

Interruptions are defined in PART 15, Section 3. Credit allowances for interruptions to service are as defined under the provisions of tariff ILL. C. C. NO. 21, Section 2.4.4(B) (9). (T)

<sup>1/</sup>Major fractions (more than 1/2) of these increments are treated as whole increments. (T)

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**Chairman Mathias Data Request*****SBC/Ameritech-Illinois Marketing and Sales Activities***

The written presentation made no mention of any new SBC/Ameritech-Illinois marketing and sales initiatives. It would be helpful to know the headcount trends, employee hiring/turnover activities, budgets and spending for marketing and sales, including media and print advertising. Should SBC/Ameritech-Illinois be engaged in/expanding marketing and sales efforts at a time when anecdotal information indicates the company may be unable to adequately serve its existing customers?

**Response:**

Attached are the monthly headcount, budget, and spending data for marketing dating back to 1/97 for Consumer and 1/98 for Business Services. The marketing organization resided in Chicago and supported the five state Ameritech region between 1/97 through 1/00. Starting 2/00 marketing was centralized in San Antonio, TX and supported the full SBC consumer and business organization.

New and expanded service offerings as well as promotions can be divided into two groups: vertical services and DSL. Vertical services include items like talking call waiting and privacy manager. These items flow through our systems and don't require a technician visit for either installation or repair.

DSL is a new product that has been promoted and advertised and does affect volumes. The volumes produced are handled by an Ameritech subsidiary, Ameritech Advanced Data Services (AADS). AADS is a CLEC and thus its orders flow through to the network group with all other CLEC requests. It is safe to assume that customer data needs would drive higher volumes whether Ameritech was a player in this arena or not.

## Illinois Data

### 1. Marketing Headcount

Performs functions for 5 state region 1/97-9/99

Starting 2/00 marketing headcount responsible for full 13 state consumer enterprise

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1997	64	61	64	66	66	69	68	66	55	60	61	66
1998	67	68	54	49	48	47	46	46	51	50	48	48
1999	38	38	36	36	34	35	32	35	35	37	37	34
2000	31	51	66	72	69	73	74	86	87			

### 2. Actual Marketing Expense (\$000's)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
1997	1,880	2,511	3,194	4,944	4,218	1,681	2,838	2,928	1,959	5,307	6,200	5,116	42,776
1998	3,160	3,917	4,079	2,222	2,868	1,967	2,409	1,954	1,604	3,228	1,837	1,777	31,022
1999	3,503	3,175	2,029	2,835	1,990	3,089	3,155	1,489	2,368	1,623	3,169	2,713	31,138
2000	Monthly Data not available							11,504	August YTD				11,504

### 3. Budgeted Marketing Expense (\$000's)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
1997	4,392	3,777	3,779	2,902	2,886	2,882	2,565	7,193	3,237	2,392	2,432	2,451	40,888
1998	1,799	2,444	4,756	3,466	1,548	3,418	2,998	1,936	4,704	2,726	1,972	4,199	35,967
1999	3,886	3,290	2,251	2,397	2,786	2,757	2,830	1,587	3,290	1,540	3,375	1,695	31,684
2000	2,102	2,173	2,243	2,278	2,102	1,752	1,051	701	1,402	1,226	350	438	17,818

## TOTAL MARKETING HC SUMMARY

	<u>Jan-98</u>	<u>Feb-98</u>	<u>Mar-98</u>	<u>Apr-98</u>	<u>May-98</u>	<u>Jun-98</u>	<u>Jul-98</u>	<u>Aug-98</u>	<u>Sep-98</u>	<u>Oct-98</u>	<u>Nov-98</u>	<u>Dec-98</u>
Mktg HC	151	150	141	138	135	131	152	147	134	132	132	130
Turnover		(1%)	(6%)	(2%)	(2%)	(3%)	16%	(3%)	(9%)	(1%)	0%	(2%)
	<u>Jan-99</u>	<u>Feb-99</u>	<u>Mar-99</u>	<u>Apr-99</u>	<u>May-99</u>	<u>Jun-99</u>	<u>Jul-99</u>	<u>Aug-99</u>	<u>Sep-99</u>	<u>Oct-99</u>	<u>Nov-99</u>	<u>Dec-99</u>
Mktg HC	105	106	104	107	105	107	113	116	120	120	119	110
Turnover	(19%)	1%	(2%)	3%	(2%)	2%	6%	3%	3%	0%	(1%)	(8%)
	<u>Jan-00</u>	<u>Feb-00</u>	<u>Mar-00</u>	<u>Apr-00</u>	<u>May-00</u>	<u>Jun-00</u>	<u>Jul-00</u>	<u>Aug-00</u>				
Mktg HC	88	84	83	77	83	92	94	85				
Turnover	(20%)	(5%)	(1%)	(7%)	8%	11%	2%	(10%)				

## **BCS SALES HC SUMMARY**

	<u>Jan-98</u>	<u>Feb-98</u>	<u>Mar-98</u>	<u>Apr-98</u>	<u>May-98</u>	<u>Jun-98</u>	<u>Jul-98</u>	<u>Aug-98</u>	<u>Sep-98</u>	<u>Oct-98</u>	<u>Nov-98</u>	<u>Dec-98</u>
Sales HC	752	794	782	771	804	803	796	783	789	786	793	894
Turnover		6%	-2%	-1%	4%	0%	-1%	-2%	1%	0%	1%	13%

	<u>Jan-99</u>	<u>Feb-99</u>	<u>Mar-99</u>	<u>Apr-99</u>	<u>May-99</u>	<u>Jun-99</u>	<u>Jul-99</u>	<u>Aug-99</u>	<u>Sep-99</u>	<u>Oct-99</u>	<u>Nov-99</u>	<u>Dec-99</u>
Sales HC	947	954	946	963	971	999	1052	1074	1084	Not avail	1073	1090
Turnover	6%	1%	-1%	2%	1%	3%	5%	2%	1%	Not avail	-1%	2%

	<u>Jan-00</u>	<u>Feb-00</u>	<u>Mar-00</u>	<u>Apr-00</u>	<u>May-00</u>	<u>Jun-00</u>	<u>Jul-00</u>	<u>Aug-00</u>
Sales HC	1194	1215	1260	1271	1356	1383	1402	1389
Turnover	10%	2%	4%	1%	7%	2%	1%	-1%

**Ameritech BCS Premise Sales Expense Summary**  
(Dollars in Thousands)

	<u>1999 Actual</u>	<u>1999 Budget</u>	<u>2000 YTD Actual</u>	<u>2000 YTD Budget</u>
Large Business Sales	\$34,313	\$33,941	\$23,678	\$22,692
Business Sales	\$33,716	\$36,029	\$26,755	\$23,611
Custom Business	•	•	\$7,207	\$7,494

\*Custom Business not applicable in 1999

## TOTAL MARKETING EXPENSE SUMMARY

(Dollars are in Thousands)

	1998		1999		2000	
	Actual	Budget	Actual	Budget	BG	Budget
Marketing expense*	\$ 72,339	\$ 76,774	\$ 56,644	\$ 83,721	\$ 20,210	\$ 32,381
Advertising expense**	\$ 24,494	\$ 27,052	\$ 16,529	\$ 20,409	\$ 11,070	\$ 17,409

\* Ameritech headcount, consultants, telemarketing contractors

\*\* radio, tv, print, direct mail

## Chairman Mathias Data Request

### *Operations/Maintenance Budgeting and Spending*

Aside from noting that overtime spending year to date was \$55 million, "\$15 million more than the same period in 1999" (at page 7), there was no further mention of the company's calendar year 2000 (CY 2000) operating and maintenance budget or spending nor a comparison of those numbers to prior periods or to compare (i.e. benchmark) that budgeting and spending against the performance of other peer group local telephone companies.

### **Response:**

Attached are the 1999 and 2000 front line expenditures and budgets for Network Services. This represents expenditures for Operations, Engineering & Construction and CP&M departments serving Illinois.

In the budget sheet labeled "Front Line Forces in Illinois we show a comparison of actual and budget expenditures in 1999 versus 2000. The S1, S2, and S5 designations indicate Operations (Central Office), Construction and Engineering, and CP&M (our outside installation and repair force) expense budgets. In 1999 through August \$157.8M was budgeted and \$155.8M was spent. In the same time period for 2000 \$170.3M (\$26M more than 1999) was budgeted with \$181.5M being spent (\$11M over budget).

In some cases, area managers cross state jurisdictions. In these cases, we used headcount and other available knowledge to allocate dollars to Illinois. Recognize that all of this is a subset of total dollars expended in Illinois to serve our customers (Consumer, Business, etc not included).

Front Line Forces in Illinois - Expense Budget vs. Actual for 1999 and 2000

Activity	Year	Fund	Actual	Budget
Actual	1999	S1	126,772,336	189,191,395
Budget	1999	S1	107,432,497	160,133,116
Variance			19,339,839	29,058,280
Actual	1999	S2	54,359,466	82,225,713
Budget	1999	S2	49,649,331	74,504,261
Variance			4,710,135	7,721,452
Actual	1999	S5	155,803,133	242,112,931
Budget	1999	S5	157,823,961	241,052,242
Variance			-2,020,828	1,060,689
Actual	2000	S1	109,643,243	
Budget	2000	S1	112,358,546	173,575,465
Variance			-2,713,302	
Actual	2000	S2	42,663,490	
Budget	2000	S2	41,845,057	62,060,055
Variance			818,433	
Actual	2000	S5	181,517,804	
Budget	2000	S5	170,295,399	243,891,530
Variance			11,222,405	
Actual	1999	Total	336,934,935	513,530,039
Budget	1999	Total	314,905,789	475,689,619
Variance			22,029,145	37,840,421
Actual	2000	Total	333,824,537	
Budget	2000	Total	324,497,002	479,527,050
Variance			9,327,538	

S1 - Operations  
S2 - Construction & Engineering  
S5 - CP&M

**Chairman Mathias Data Request*****Capital Budgeting and Spending***

Although the presentation noted (at page 20) a very substantial increase in capital spending during CY 2000, there was no explanation of whether, how or where that capital is being spent or how such spending benchmarks to the budgeting and spending of other peer group local telephone companies. Equally important there was no mention of the company's anticipated capital needs nor an analysis, including benchmarking with comparable companies, of the prior capital spending, particularly spending for infrastructure enhancements.

**Response:**

Attached are the 1999 actuals and 2000 capital budgets from our most recent price cap filing.

Illinois Bell Telephone Company  
Infrastructure Report  
(\$M)

GCI Ex. 2.2

	1999 ACTUAL	2000 BUDGET
STP/SCP GENERIC UPGRADES AND GROWTH	1.2	1.0
800/LIDB PLATFORM MTCE & REPL.	2.1	0.6
EOI CREDITS	(70.6)	0.0
NET ADJUSTMENTS AND INTR AND INTER COMPANY REUSE	(10.8)	(9.8)
OTHER	1.0	3.2
<b>TOTAL</b>	<b>475.9</b>	<b>541.5</b>

**SATISFIER - SERVICE CONTINUITY**

BUILDING ALTERATIONS AND ADDITIONS	6.7	36.2
AMERITECH POWER INFRASTRUCTURE	21.9	21.5
PIP SUBSTENANCE	22.9	20.5
ANALOG SWITCH REPLACEMENTS	4.2	14.9
AMERITECH SERVICE IMPROVEMENT	13.8	12.9
OSP/POLE REPLACEMENTS	10.8	8.9
LITESPAN 2000 UPGRADE	3.1	2.5
SWITCH FABRIC UPGRADES	5.5	2.1
MDF GROWTH AND REPLACEMENTS	0.5	1.7
COE/DTE EQUIPMENT	0.6	1.5
IOF SURVIVABILITY/DIVERSITY	1.5	1.2
CO & REMOTE TERMINAL BATTERY REPLACEMENT	1.4	0.7
DACS 1 CrossDconnect SYSTEMS	1.1	0.6
OTHER	4.8	0.9
<b>TOTAL</b>	<b>98.8</b>	<b>126.1</b>

**SATISFIER - BUSINESS PROCESS IMPROVEMENTS**

GLOBAL POSITIONING	0.0	11.1
AIN PLATFORM	8.8	9.7
DYNAMIC DISPATCH	0.0	6.4
CENTER CONSOLIDATION	0.0	1.9
MERGER INITIATIVE	0.0	1.8
DEPLOY REGIONAL CALL FLOW	5.7	0.0
NEXT GENERATION CALL CENTER	0.1	0.0
<b>TOTAL</b>	<b>14.6</b>	<b>30.9</b>

**SATISFIER - ADMINISTRATIVE SUPPORT**

10 S CANAL CO INFRA REPLACEMENT	4.2	11.9
MOTOR VEHICLE FLEET PURCHASES	0.0	9.2
CAPITAL TOOL/LARGE EQ.	7.7	6.2
CHICAGO PLAN	2.5	2.2
HIGH VOLTAGE SMOKE DETECTION SYSTEM	1.9	1.6
CABLE ENTRANCE FACILITIES	0.0	1.3
HEATING, VENTILATION & AIR	3.0	1.2
MANDATORY FIRE PROTECTION	1.5	1.2
ROOF REPLACEMENT	1.6	0.6

Illinois Bell Telephone Company  
Infrastructure Report  
(SM)

GCI Ex. 2.2

	1999 ACTUAL	2000 BUDGET
<b><u>SATISFIER - LEGAL &amp; REGULATORY MANDATE</u></b>		
COLLOCATION	24.5	18.8
ROAD MOVES LEGAL MANDATE	14.1	10.2
LONG TERM NUMBER PORTABILITY	2.2	1.9
UNBUNDLED LOOPS	0.0	0.5
END OFFICE INTEGRATION	70.6	0.0
OTHER	0.1	1.4
<b>TOTAL</b>	<b>111.5</b>	<b>32.8</b>
<b><u>SATISFIER - BUSINESS UNIT</u></b>		
UNET	0.0	32.2
REAL ESTATE	0.7	1.6
INFORMATION SYSTEMS	1.4	1.2
INWARD STATION ACTIVITY	3.3	0.0
HOUSE OF CORRECTIONS	1.1	0.0
OTHER	1.8	0.3
<b>TOTAL</b>	<b>8.3</b>	<b>35.3</b>
<b><u>SATISFIER - CUSTOMER SPECIFIC</u></b>		
PRONTO	2.1	180.4
SONET	14.6	12.9
CUSTOMER SPECIFIC CONTRACTS	1.7	3.4
DIVERSITY	1.4	2.6
EMERGENCY/NON-EMERGENCY FEATURES (911,311)	0.0	1.6
BROADCAST/DISTANCE LEARNING	0.9	1.0
ISDN	0.7	0.8
CALLING FEATURES	1.1	0.3
OTHER	2.0	3.6
<b>TOTAL</b>	<b>24.5</b>	<b>206.6</b>
<b><u>SATISFIER - INFRASTRUCTURE GROWTH</u></b>		
GROWTH MPA	235.7	143.0
GROWTH SWITCH	0.0	140.5
GROWTH PIE	163.2	109.4
GROWTH F2	43.1	43.8
GROWTH IOF	34.0	29.2
CAPITALIZAED SOFTWARE	0.0	28.0
DROP WIRE	17.8	17.0
NORTHBROOK & WABASH TANDEMS	31.8	17.0
DIGITAL CROSS CONNECT	3.0	10.0
GROWTH OCN	22.6	7.0
CO NET	1.8	1.6

**Illinois Bell Telephone Company  
Infrastructure Report  
(\$M)**

**GCI Ex. 2.2**

	1999 ACTUAL	2000 BUDGET
CHILLER REPLACEMENTS	1.8	0.5
SPRINKLER INFRASTRUCTURE	0.0	0.0
OTHER	(1.3)	6.1
 TOTAL	 22.9	 42.0
 TOTAL OF ALL SEVEN SATISFIERS	 756.5	 1,015.2
 VENDOR ENGINEERING & LABOR	 30.5	 30.0
EXPENSE RIGHT TO USE FEES	38.4	34.1
AMERITECH SERVICES, INC.	5.0	6.0
 AMERITECH ILLINOIS INFRASTRUCTURE EXPENDITURES COUNTED TOWARD \$3B COMMITMENT	 830.4	 1,085.3
  ALL OTHER AMERITECH FAMILY MEMBERS ILLINOIS INFRASTRUCTURE EXPENDITURES	  137.3	  116.6
 TOTAL AMERITECH FAMILY OF COMPANIES	 967.7	 1,201.9

## Chairman Mathias Data Request

### ***Infrastructure Adequacy/Prior Years' Spending Levels***

The company's written presentation disclosed (at page 4) that more than 11% of the company's access lines have had out of service trouble reports during the first eight months of this year. The written presentation also states (at page 9) that "out of service volumes in 2000 have increased 15% over 1999". Why? What's the explanation? Was there a similar increase in prior years? Is this comparable to the experience of other local exchange companies?

Such a disclosure raises the obvious question: Is this an example of inadequate prior years' capital spending on infrastructure by Ameritech - a company that had 1999 revenues of almost \$3,000,000,000 (\$3 billion) and after tax profits exceeding \$400,000,000 (\$400 million)?

### **Response:**

The increase in Out of Service trouble reports over 1999 levels is the result of several contributing factors. First, in many parts of the state, precipitation levels have exceeded 1999 levels both in monthly quantities as well as in the amount of rainfall within a short period of time. While significant rainfall, of course, is to be expected in Illinois and is nothing new to Ameritech Illinois, the service challenge is significantly compounded when the bulk of the monthly total falls within a few days. These heavy downpours result in tremendous repair call volumes in a relatively short period of time, far exceeding the ability of the workforce to respond to every trouble report within 24 hours. When multiple storms of this sort occur only a few days apart, a work backlog is generated which is extremely difficult to overcome, especially during the summer months when the workforce is traditionally stretched thin due to contractor/building activity and technician vacation requirements mandated by the Ameritech Illinois' labor contracts.

The situation in 2000 has been compounded by the fact that Ameritech Illinois has been understaffed for much of the year — a situation which is currently being addressed. Not only have the number of technicians available to do the work been lower than in past years, but many of our most experienced technicians have chosen to leave the business. As a result, some of the more complex cable-related problems that could have been addressed and permanently fixed by these technicians have been worked on by lesser experienced technicians. This opens the door to other customers whose facilities reside in those same cables experiencing service problems that might have been otherwise avoided had a more experienced technician been initially available.

**Mathias Data Request  
Due September 28, 2000**

***Counterintuitive Reduction in Field Personnel***

The company's written presentation disclosed (at pages 6 and 7) that the installation and repair technician staffing levels (headcount) decreased by more than 7% during the first eight months of 1999 while wholesale installation and repair visits increased more than eight times during the same time period. Again, there was no analysis of the reasons why headcount decreased in the face of some apparently substantial work load increases. Likewise, there was no analysis of the trend in headcount of other units of Ameritech-Illinois during 1999 or prior periods.

**Response:**

Shown below is an analysis of the cause of the force decreases in 1999 and 2000. As can be seen, the most significant cause of the decrease is associated with retirements.

The Company began efforts during the third quarter of 1999 to develop staffing plans to offset the impact of the anticipated retirements. Plans were put in place to begin significant recruitment efforts throughout the Network organization. However, due to the extremely tight job market in Illinois, the Company was not able to recruit a sufficient number of employees to offset the retirement force losses. During this same period, the Company modified the pension plans to mitigate the potential force losses. These modifications are addressed in detail under Retirement Related Reduction in Force later in this document.

It was also felt that various productivity improvement initiatives that were underway, or were under development, would also help offset a portion of the force losses. While productivity improvements have been seen over the past year, they have not been sufficient to close the force/load gap which currently exists.

**1999**

800 of Network's Non-management employees left the business. Here is the breakout of reasons they left.

- 556 (69.5%) retired
- 86 (10.8%) resigned for various personal reasons
- 66 (8.3%) were summer hires and left the payroll at the end of their temporary assignment
- 25 (3%) received SIPP as a result of management-initiated workgroup reduction
- 47 (5.9%) were terminated for performance reasons
- 20 (2.5%) died

**2000**

435 of Network's Non-management employees have left the business. Here is the breakout of reasons they left.

- 156 (35.9%) retired
- 96 (22%) resigned for various personal reasons
- 110 (25.3%) were summer hires and left the payroll at the end of their temporary assignment
- 66 (15.2%) were terminated for performance reasons
- 7 (1.6%) died

The major reason why people left the business was due to retirement (in both years). Very simply, we have a senior workforce and have been working since 3Q99 to rebuild that workforce.

### Chairman Mathias Data Request

**What representations and warranties were contained in the SBC/Ameritech merger agreement relative to maintaining appropriate personnel? Did they survive merger closing? If so, what source of funds would be used to compensate SBC, if SBC were to make a claim under such representations and warranties? If not, what kind of due diligence did SBC conduct between the signing of the merger agreement and closing to fulfill its fiduciary obligations?**

**Response:**

The SBC/Ameritech merger agreement contained the following covenant relative to maintaining appropriate personnel:

6.1. Interim Operations. (a) The Company covenants and agrees as to itself and its Subsidiaries that, after the date hereof and prior to the Effective Time (unless SBC shall otherwise approve in writing, which approval shall not be unreasonably withheld or delayed, and except as otherwise expressly contemplated by this Agreement, disclosed in the Company Disclosure Letter or required by applicable Law):

(i) the business if it and its Subsidiaries shall be conducted in the ordinary and usual course and, to the extent consistent therewith, it and its Subsidiaries shall use all reasonable best efforts to preserve its business organization intact and maintain its existing relations and goodwill with customers, suppliers, regulators, distributors, creditors, lessors, employees and business associates;

As will be discussed in more detail in response to the question related to "Retirement Related Reduction in Force" in Chairman Mathias' September 14, 2000, letter to Mr. Edward A. Mueller, Ameritech used its reasonable best efforts to maintain its existing workforce. This covenant did not survive merger closing. In any event, because the SBC/Ameritech merger was an all stock exchange, there would have been no source of funds for indemnification. As the Companies explained during the proceedings in Docket 98-0555, they were not in a position to engage in joint planning for post-merger operations. This was a result of regulatory uncertainty regarding the ultimate approval of the merger and the fact that SBC and Ameritech remained separate companies until merger closing. Nevertheless, to the limited extent allowed as a result of these concerns, SBC conducted due diligence by keeping apprised of the actions Ameritech took to ensure that force levels would not be negatively affected by significant one-time events, such as the change from Pension Benefit Guaranty Corporation ("PBGC") to GATT assumptions for lump sum pension amounts. Martin Kaplan and Charles Foster were the SBC officers responsible for due diligence activities.

The written presentation contained the statement that the "combination of pension calculation changes due to GATT (General Agreement on Tariffs and Trade) and the retirement eligibility of the workforce resulted in significant force losses in 1999". There was no itemization of the number of employees who left because of the change in control (i.e. the merger) or because of the GATT changes. There was no explanation of the income statement and balance sheet impact of the GATT changes in the pension calculation which was made immediately after closing, why this change was not made by Ameritech months before closing and whether SBC was unaware, prior to closing, of the possibility of "significant force losses".

#### Response:

The pension changes due to GATT referred to in this question relate to implementing a change from PBGC to GATT interest rate/mortality table assumptions for employees receiving their pensions in a lump sum upon retirement.<sup>1</sup> Unless otherwise addressed by the Company through modification to its pension plans, this change could generally be expected to result in smaller lump sums for certain retiring employees. Federal law required that this change to GATT assumptions become effective no later than January 1, 2000.

Ameritech and SBC recognized the potential adverse effect on the lump sum pensions paid to employees who retired after the effective date of this change. The Companies also recognized that, without changes to the pension plans, certain employees would be incented to retire before January 1, 2000, to avoid the perceived adverse effect. Therefore, Ameritech and SBC took substantial and prompt actions to ensure that the implementation of GATT-based calculations would not adversely affect staffing levels. Since the timing of these steps differed for non-management and management employees, they will be discussed separately.

#### Non-management Employees

Ameritech took steps well before merger close to ensure that GATT-related changes would not adversely affect non-management force levels. Through the collective bargaining process, the Company negotiated an amendment to the non-management pension plan which increased the pension formula simultaneously with implementing the GATT changes, so as to substantially eliminate the potential adverse impact of those changes. Both the GATT assumptions and the offsetting pension formula changes went into effect for non-management employees on January 1, 1999.

SBC took additional measures in November of 1999 to incent non-management employees to remain. The non-management pension plan was amended again as follows: all non-management employees who were service pension eligible as of December 31, 1999, and who remained on the Ameritech payroll through calendar year

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<sup>1</sup> Alternatively, employees may elect to receive their pensions as an annuity. Most employees select the lump sum option.

2000, would be entitled to the greater of (1) their benefits calculated under the regular provisions of the pension plan; or (2) the lump sum benefit calculated as of 12/31/99, increased by one year's interest at a specified rate. This change was also the subject of bargaining with the unions. This measure has since been extended through 2001, further increasing the incentive of retirement eligible non-management employees to remain with the Company.

Notwithstanding these changes, a substantial number of non-management network employees left Ameritech's payroll in 1999. These departures were due to a number of factors, including the retirement eligibility of many of Ameritech's more senior network personnel. To the extent that non-management employees made individual decisions to retire, seek job opportunities at other companies and/or change careers in response to the merger or otherwise, those decisions were outside the control of Ameritech and SBC.

No network non-management positions were eliminated in 1999 as a result of the change in control (i.e., the merger). The Company's employee record system does not systematically record whether individual non-management employees retire because of perceived negative effects from implementation of the GATT changes. The fact remains, however, that 800 non-management employees left the business in 1999, of which 556 retired.

#### Management Employees

The GATT changes impacted pension benefits for some management employees, but not others. Because of modifications which Ameritech had made in its management pension plan in May of 1995, the GATT change would have no impact on lump sum pensions for a significant number of management employees.<sup>2</sup>

For management employees who could be adversely impacted, Ameritech amended the management pension plan to provide them with special protections. Any of these individuals who retired on or after July 1, 1999, and before January 1, 2000, were entitled to have their benefits calculated under both the PBGC and GATT interest rate/mortality table assumptions and could elect whichever approach produced the larger benefit. This change was implemented on July 1, 1999.

Subsequently, in November of 1999, SBC amended the management pension plan to implement further protections for potentially impacted managers. The amendment provided that those managers who remained employed through 12/31/00 would receive the greater of (1) their benefit calculated under the regular provisions of the pension plan, or (2) their lump sum benefit calculated as of 12/31/99, increased by one year's interest at a specified rate.

<sup>2</sup> Under these changes to the Ameritech management pension plan, lump sum pensions are calculated under a "defined lump sum" formula. These provisions apply to all employees who were not yet service pension eligible in May of 1995 and who did not fall within a "transition" window.

Thus, again, both Ameritech and SBC took reasonable and timely steps to address the impact of GATT on management force levels.

Notwithstanding these corrective steps and an extensive employee education program, anecdotal information suggests that some front-line network managers continued to be concerned about the impact of GATT on their pensions. Ultimately, a number of experienced network managers independently decided to retire in 1999; some may have retired as a result of their concerns regarding GATT and others for other reasons. The Company's employee record system does not systematically record whether individual managers retire because of perceived negative effects from implementation of the GATT changes. No network management positions were eliminated in 1999 as a result of the change in control (i.e., the merger).

In sum, both Ameritech and SBC were well aware of the potential impact that implementation of GATT changes could have on force levels and took all reasonable steps to avoid that eventuality. Ameritech addressed the transition to GATT appropriately prior to merger closing, and SBC implemented additional protections once it had the ability to do so. The decisions by some network employees to retire in 1999 notwithstanding these efforts were not within the control of either Ameritech or SBC.<sup>3</sup>

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<sup>3</sup> This question also requests information on the "income statement and balance sheet impact of the GATT changes in the pension calculation which was made immediately after closing..." Implicit in this statement is an assumption that the GATT changes were implemented after merger closing. As explained above, the GATT changes were implemented prior to October 8, 1999, for both management and non-management employees. Therefore, there would not have been an income statement or balance sheet impact immediately after closing.

## Chairman Mathias Data Request

### ***Retirement Related Reduction In Force***

The written presentation contained the statement that the "combination of pension calculation changes due to GATT (General Agreement on Tariffs and Trade) and the retirement eligibility of the workforce resulted in significant force losses in 1999". There was no itemization of the number of employees who left because of the change in control (i.e. the merger) or because of the GATT changes. There was no explanation of the income statement and balance sheet impact of the GATT changes in the pension calculation which was made immediately after closing, why this change was not made by Ameritech months before closing and whether SBC was unaware, prior to closing, of the possibility of "significant force losses".

### **Response:**

The pension changes due to GATT referred to in this question relate to implementing a change from PBGC to GATT interest rate/mortality table assumptions for employees receiving their pensions in a lump sum upon retirement.<sup>1</sup> Unless otherwise addressed by the Company through modification to its pension plans, this change could be expected to result in smaller lump sums for retiring employees. Federal law required that this change to GATT assumptions become effective no later than January 1, 2000.

Ameritech and SBC recognized the potential adverse effect on the pensions paid to employees who retired after the effective date of this change. The Companies also recognized that, without changes to the pension plans, certain employees would be incented to retire before January 1, 2000, to avoid the perceived adverse effect. Therefore, Ameritech and SBC took substantial and prompt action to ensure that the implementation of GATT-based calculations would not adversely affect staffing levels. Since the timing of these steps differed for non-management and management employees, they will be discussed separately.

### **Non-management Employees**

Ameritech took steps well before merger close to ensure that GATT-related changes would not adversely affect non-management force levels. Through the collective bargaining process, the Company negotiated an amendment to the non-management pension plan which increased the pension formula simultaneously with implementing the GATT changes, so as to substantially eliminate their impact. Both the GATT assumptions and the offsetting pension formula changes went into effect for non-management employees on January 1, 1999.

SBC took additional measures in November of 1999 to incent non-management employees to remain. The non-management pension plan was amended again as follows: all non-management employees who were service pension eligible as of December 31, 1999, and who remained on the Ameritech payroll through calendar year

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<sup>1</sup> Alternatively, employees may elect to receive their pensions as an annuity. Most employees select the lump sum option.

2000, would be entitled to the greater of (1) their benefits calculated under the regular provisions of the pension plan; or (2) the lump sum benefit calculated as of 12/31/99, increased by one year's interest at a specified rate. This change was also the subject of bargaining with the unions. This measure has since been extended through 2001, further increasing the incentive of retirement eligible non-management employees to remain with the Company.

Notwithstanding these changes, a substantial number of non-management network employees left Ameritech's payroll in 1999. These departures were due to a number of factors, including the retirement eligibility of many of Ameritech's more senior network personnel. To the extent that non-management employees made individual decisions to retire, seek job opportunities at other companies and/or change careers in response to the merger or otherwise, those decisions were outside the control of Ameritech and SBC.

None of the network non-management employees who retired in 1999 did so under the Company's change of control plan. Employment records do not indicate whether any of them retired because of perceived negative effects from implementation of the GATT changes. However, because the GATT changes were implemented for non-management employees on January 1, 1999, the Company does not believe that they would have had any impact on subsequent non-management retirement decisions in 1999.

#### Management Employees

The GATT changes impacted pension benefits for some management employees, but not others. Because of modifications which Ameritech had made in its management pension plan in May of 1995, the GATT change would have no impact on lump sum pensions for a significant number of management employees.<sup>2</sup>

For management employees who could be adversely impacted, Ameritech amended the management pension plan to provide them with special protections. Any of these individuals who retired on or after July 1, 1999, and before January 1, 2000, were entitled to have their benefits calculated under both the PBGC or GATT interest rate/mortality table assumptions and could elect whichever approach produced the larger benefit. This change was implemented on July 1, 1999.

Subsequently, in November of 1999, SBC amended the management pension plan to implement further protections for potentially impacted managers. The amendment provided that those managers who remained employed through 12/31/00 would receive the greater of (1) their benefit calculated under the regular provisions of the pension plan, or (2) their lump sum benefit calculated as of 12/31/99, increased by one year's interest at a specified rate.

<sup>2</sup> Under these changes to the Ameritech management pension plan, lump sum pensions are calculated under a "defined lump sum" approach. These provisions apply to all employees who were not yet service pension eligible in May of 1995 and who did not fall within a "transition" window.

Thus, again, both Ameritech and SBC took reasonable and timely steps to address the impact of GATT on management force levels.

Notwithstanding these corrective steps and an extensive employee education program, anecdotal information suggests that some front-line network managers continued to be concerned about the impact of GATT on their pensions. Ultimately, a number of experienced network managers independently decided to retire in 1999; some may have retired as a result of GATT and others for other reasons. Employment records do not indicate whether individual managers retired because of perceived negative effects from implementation of the GATT changes. Only three staff managers in the network organization retired under the change of control plan.

\* \* \*

In sum, both Ameritech and SBC were well aware of the potential impact that implementation of GATT changes could have on force levels and took all reasonable steps to avoid that eventuality. Ameritech addressed the transition to GATT appropriately prior to merger closing, and SBC implemented additional protections once it had the ability to do so. The decisions by some network employees to retire in 1999 notwithstanding these efforts were not within the control of either Ameritech or SBC.<sup>3</sup>

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<sup>3</sup> This question also requests information on the "income statement and balance sheet impact of the GATT changes in the pension calculation which was made immediately after closing..." Implicit in this statement is an assumption that the GATT changes were implemented after merger closing. As explained above, the GATT changes were implemented prior to October 8, 1999, for both management and non-management employees. Therefore, there would not have been an income statement or balance sheet impact immediately after closing.

## Chairman Mathias Data Request

### ***Prior Meetings Concerning Wholesale Customer Service***

The shortcomings of the SBC/Ameritech-Illinois Wednesday retail customer service presentation are particularly appalling because during prior meetings in June and July, principally with SBC officers from San Antonio, I had discussed significant wholesale performance measures. Two hours of a much more lengthy meeting in July were spent analyzing just five or six wholesale performance measures including average speed of answer of the local service and operations centers, percent of firm order confirmations within "X" hours, mean installation intervals for plain old telephone service (POTS) and percent out of service 24 hours for POTS. As a result of these and other in depth discussions regarding wholesale customer service it is inexplicable why no mention was made of call center performance and various other performance measures during Wednesday's SBC/Ameritech-Illinois presentation. The SBC/Ameritech-Illinois officers who were present Wednesday were present during these prior meetings.

### **Response:**

These are the internal measures the Company uses to measure retail customer service performance in Illinois. Attached are the results for 1999 and 2000

#### **Consumer Call Centers**

- **Average Speed of Answer:**

**Definition:** The average number of seconds for a call to reach a representative or an automated system that is ready to accept information or render assistance. This is an indicator of customer accessibility.

**Calculation:**  $(\text{Total Speed of Answer for Illinois customer calls}) + (\text{Total Speed of Answer for Illinois customer abandoned calls}) / \text{Number of Illinois calls offered} = \text{ASA}$

**Target:** Current target is 120 seconds – Beginning October 1<sup>st</sup>, 60 seconds.

- **% Calls Answered:**

**Definition:** Percentage of calls completed to the call center. This measure is an indicator of customer accessibility.

**Calculation:**  $(\text{Number calls handled} / \text{Number of calls offered to the call Center})$

**Target:** 90%

- **Average Hold Time:**

**Definition:** Average amount of time the customer spends on hold for all calls handled.

**Calculation:**  $(\text{Total hold time} / \text{Total calls handled})$

**Target:** Diagnostic measure

**Business Call Centers**

- **Average Speed of Answer:**

**Definition:** The average number of seconds for a call to reach a representative or an automated system that is ready to accept information or render assistance. This is an indicator of customer accessibility.

**Calculation:** (Total delay for calls answered + Total delay for calls abandoned)/Total calls answered

**Target:** 80% calls answered in 20 seconds

- **% Calls Abandoned:**

**Definition:** Percentage of calls not completed to the call center. This measure is an indicator of customer accessibility.

**Calculation:** (Total abandoned calls/Total calls offered) \* 100

**Target:** Diagnostic measure

- **Average Hold Time:**

**Definition:** The average duration in seconds that a caller spent on hold after the call was answered and before the call was released.

**Calculation:** (Total hold time/Total calls handled)

**Target:** Diagnostic measure

**Repair Center**

- **Average Speed of Answer:**

**Definition:** The average number of seconds for a call to reach a representative or an automated system that is ready to accept information or render assistance. This is an indicator of customer accessibility.

**Calculation:** (Total number of delay seconds for all answered calls/ Total answered calls) \* 100

**Target:** 60 seconds

- **Average Work Time:**

**Definition:** Average amount of time spent handling a customer's call.

**Calculation:** ((Total talk time + Total after call work time)/Total number of calls) \* 100

**Target:** 408 seconds maintenance administrator / 261 seconds administrative specialist

**Repair**

- **Percent Out of Service (OOS) > 24 Hours:**

**Definition:** Percent of OOS trouble reports cleared in over 24 hours.

**Calculation:** (Count of OOS trouble reports > 24 hours/Total number of OOS trouble reports) \* 100

**Target:** 95% of customer trouble reports cleared within 24 hours.

- **Mean Time to Repair:**

**Definition:** Average duration of customer trouble reports, from the receipt of the customer trouble report to the time the trouble report is cleared. To gauge the ability to provide timely repair resolution to our customers.

**Calculation:**  $\Sigma[(\text{Date and time trouble report is cleared}) - (\text{Date and time trouble report is received})] / \text{Total customer trouble reports}$

**Target:** 21 hours

- **Percent Missed Repair Commitments:**

**Definition:** Percent of trouble reports not cleared by the commitment time.

**Calculation:**  $(\text{Count of trouble reports not cleared by the commitment time} / \text{Total trouble reports}) * 100$

**Target:** 5%

- **Percent Repeat Reports:**

**Definition:** Percent of customer trouble received within 30 calendar days of a previous customer trouble report.

**Calculation:**  $(\text{Count of customer trouble reports, excluding subsequent reports, received within 30 calendar days of a previous customer report} / \text{Total customer trouble reports excluding subsequent reports}) * 100$

**Target:** 10%

## Installation

- **Mean Installation Interval:**

**Definition:** Average business days from application date to completion date.

**Calculation:**  $\Sigma(\text{completion date} - \text{application date}) / (\text{Total number of orders completed})$

**Target:** 5 business days for combined field visit and non-field visit orders.

- **Percent Ameritech Caused Missed Due Dates:**

**Definition:** Percent of New (new service), TO (move from an existing location to a new location) and Change (change in existing service without a move) orders, where installation was not completed by the due date as a result of company action.

**Calculation:**  $(\text{Count of New, TO, Change orders not completed by the due date as a result of a company missed due date} / \text{Total number of orders}) * 100$

**Target:** 1% combined field visit and non-field visit orders. 5% of field visit orders.

# INTERNAL RETAIL CUSTOMER SERVICE PERFORMANCE MEASURES

## Business Call Centers

**1998**

	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98
Avg Speed of Answer	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	48
% Abandoned	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6%
Talk Time (min)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**1999**

	Jan-99	Feb-99	Mar-99	Apr-99	May-99	Jun-99	Jul-99	Aug-99	Sep-99	Oct-99	Nov-99	Dec-99
Avg Speed of Answer	66	114	63	53	53	59	38	27	24	25	25	19
% Abandoned	7%	12%	7%	8%	5%	8%	4%	4%	3%	3%	3%	2%
Talk Time (min)	7.4	7.7	7.4	7.0	7.0	7.1	7.0	6.9	7.0	7.0	6.9	6.6

Notes: Y-T-D Information is not available.

Hold Times for 1999 are no longer available, and were not collected at the time

**2000**

	Jan-00	Feb-00	Mar-00	Apr-00	May-00	Jun-00	Jul-00	Aug-00	Sep-00	Oct-00	Nov-00	Dec-00	Y-T-D
Avg Speed of Answer	32	18	17	24	19	24	32	27					24
% Abandoned	3%	2%	2%	3%	2%	3%	4%	2%					3%
Talk Time (min)	6.9	6.7	6.8	6.8	6.8	7.2	7.4	7.3					

# INTERNAL RETAIL CUSTOMER SERVICE PERFORMANCE MEASURES

## Consumer Call Centers

### Average Speed of Answer (in seconds)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1997	38.2	31.8	57.5	42.8	17.5	15.1	19.5	35.9	33.8	32.2	45.1	32.9
1998	51.0	106.4	181.5	194.1	98.7	118.7	144.8	239.9	392.1	221.7	133.3	117.1
1999	196.8	227.0	130.2	114.0	220.7	413.1	120.9	129.6	81.5	38.7	41.7	31.7
2000	41.9	35.3	32.4	32.4	43.0	73.2	88.9	118.0				

Notes: Only CCC and Bilingual Data available through Jul 99. Current method of reporting ASA used for Aug 99 through Aug 00 and includes CCC's, SB Centers, Collections, and VRU

### % Calls Answered

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1997	93.2%	94.7%	90.9%	92.8%	97.2%	97.7%	98.9%	94.3%	94.3%	94.7%	91.5%	93.6%
1998	90.5%	83.3%	73.0%	73.5%	81.1%	80.5%	80.7%	72.6%	62.0%	75.6%	82.0%	85.2%
1999	75.6%	73.5%	84.1%	86.1%	73.8%	59.5%	89.2%	89.6%	93.4%	96.7%	98.3%	97.4%
2000	95.5%	98.1%	98.5%	98.5%	95.9%	93.4%	91.9%	89.6%				

Notes: Illinois CCC data used since Jan 97. Bilingual data for Illinois complete from Aug 98 - Aug 00, an assumption was made because we could not breakout other states prior to Aug 98. 66% of call demand (represents Illinois) was used. Beginning Aug. 99, blended rate reported using CCC's, SB Centers, LACC, and VRU data.

### Average Hold Time (in seconds)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1997	not Available											
1998								72.7	68.6	57.9	47.5	46.5
1999	46.4	46.2	42.7	35.5	36.5	41.4	41.1	29.8	27.8	27.9	27.1	26.4
2000	25.6	25.3	25.1	25.7	26.2	30.6	32	36.6				

Notes: Hold time was not available until Lucent was installed. The CCCs were converted through July 98, first full month of Hold time was Aug. The Collections group was converted through July 99, first full month of Hold time was Aug 99.

# INTERNAL RETAIL CUSTOMER SERVICE PERFORMANCE MEASURES NETWORK SERVICES

## REPAIR CENTER

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
ASA - 99	33.9	16.5	22.3	16.7	17.5	39.1	67.0	71.2	112.8	73.1	48.5	30.7	49.0
ASA - 00	14.3	22.7	23.5	40.9	54.8	99.8	87.8	180.5					

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
AWT - 99								418	431	431	433	415	
AWT - 00	337	317	328	302	304	315	298	303					311

## REPAIR

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
% OOS - 99	9.32%	4.06%	3.39%	4.83%	2.75%	6.11%	4.97%	4.11%	3.62%	3.52%	3.22%	5.70%	4.76%
% OOS - 00	3.70%	4.25%	3.84%	4.44%	8.01%	13.40%	4.43%	15.21%					7.71%

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
MTTR - 99	21:30	17:07	18:49	18:50	18:56	21:14	22:23	22:03	23:30	22:48	19:17	23:32	20:42
MTTR - 00	22:09	22:09	27:35	24:22	29:01	36:34	31:18	35:08					29:03

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
Missed Appb	5.75%	4.21%	3.94%	6.78%	4.50%	7.15%	7.81%	7.88%	7.03%	5.98%	5.97%	9.14%	6.36%
Missed Appb	6.92%	8.28%	9.13%	9.12%	13.03%	17.50%	10.12%	17.14%					11.93%

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
Repeats - 99	12.14%	14.90%	13.27%	13.42%	14.40%	14.28%	14.28%	15.18%	15.04%	15.44%	15.60%	15.87%	14.46%
Repeats - 00	16.82%	17.08%	17.60%	18.01%	18.01%	17.95%	19.05%	17.51%					17.81%

## INSTALLATION

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
BUS - 99	14812	22183	15166	18499	18475	10638	14375	10103	12531	11841	6450	5753	158828
BUS - 00	33943	19574	27349	19840	24847	30765	27872	31238	21969				237197

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
RES - 99	40491	38888	41220	42880	54887	52228	54170	68774	57299	58818	42100	43530	693048
RES - 00	37431	40347	42433	42584	50278	53913	53130	85997	43423				429816

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
ALL - 99	55103	81051	58388	81379	71342	62866	88545	76877	69830	70480	48550	49283	781672
ALL - 00	71374	59921	89782	82404	74925	84878	81002	97235	65392				688713

# INTERNAL RETAIL CUSTOMER SERVICE PERFORMANCE MEASURES NETWORK SERVICES

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
BUS - 99	6.04	5.32	5.36	5.03	6.05	6.23	6.10	5.83	5.20	6.49	6.24	5.30	5.71
BUS - 00	5.50	4.96	5.03	4.91	5.13	5.14	5.29	5.20	5.67				5.21

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
RES - 99	2.64	2.86	3.05	3.64	4.49	4.02	3.99	4.59	3.79	4.03	3.24	2.88	3.69
RES - 00	3.10	3.06	3.70	4.54	4.70	4.71	4.90	5.31	5.08				4.48

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
ALL - 99	2.95	2.93	3.30	3.77	4.59	4.15	4.13	4.63	3.67	4.15	3.36	2.89	3.82
ALL - 00	3.50	3.36	3.92	4.60	4.77	4.78	4.88	5.29	5.19				4.87

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
BUS - 99	26174	27894	28496	27896	26501	25959	25343	26819	26106	23612	16871	16465	301238
BUS - 00	32531	33994	40331	34908	37217	38147	36271	45331	32875				331406

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
RES - 99	35366	40696	43734	42673	45544	41943	42204	46643	44982	46681	37262	39474	507484
RES - 00	37240	40508	45936	40121	43806	38452	35950	42804	33045				367662

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
ALL - 99	61542	66980	73232	70569	72045	67802	67547	73462	71068	70273	54133	57939	808722
ALL - 00	69771	74500	86269	75029	80623	78599	72221	88135	65720				889067

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
BUS - 99	8.71	7.83	7.73	7.62	8.21	8.45	8.37	8.41	8.45	8.95	8.35	9.69	8.36
BUS - 00	11.46	10.42	10.65	11.39	11.88	10.97	11.40	10.51	10.72				11.06

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
RES - 99	6.73	7.10	6.84	6.82	7.73	8.16	8.44	8.92	8.77	9.23	8.89	9.28	8.09
RES - 00	10.14	8.87	10.75	10.83	12.40	13.46	16.75	17.34	16.17				13.18

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
ALL - 99	7.19	7.22	7.04	7.11	7.83	8.22	8.43	8.83	8.71	9.16	8.79	9.34	8.14
ALL - 00	10.49	10.01	10.76	11.05	12.29	12.73	15.15	15.45	16.19				12.69

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
TOTAL - 99	118645	130041	128618	131946	143387	130786	136082	150339	140918	140733	102663	83004	1636176
TOTAL - 00	141146	134421	156051	137433	155746	161277	153223	165370	131112				1366780

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
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**INTERNAL RETAIL CUSTOMER SERVICE PERFORMANCE MEASURES  
NETWORK SERVICES**

<b>TOTAL - 89</b>	5.03	5.22	5.29	5.48	6.09	6.02	6.05	6.41	6.08	6.45	6.01	5.84	5.88
<b>TOTAL - 00</b>	7.08	6.81	7.60	7.74	8.28	8.21	8.28	9.48	10.14				8.32

<b>MONTH</b>	<b>JAN</b>	<b>FEB</b>	<b>MAR</b>	<b>APR</b>	<b>MAY</b>	<b>JUN</b>	<b>JUL</b>	<b>AUG</b>	<b>SEP</b>	<b>OCT</b>	<b>NOV</b>	<b>DEC</b>	<b>YTD</b>
<b>TOTAL - 89</b>	85868	91125	98505	84847	108974	100327	102181	118609	108249	110825	83749	77853	1178130
<b>TOTAL - 00</b>	88834	96979	107583	96784	108811	108748	108749	127750	89714				834850

## Chairman Mathias Data Request

### ***Need For Action***

The above paragraphs outline the types of information that must be provided to the Commissioners and the Commission staff for us - and perhaps SBC/Ameritech-Illinois - to more fully understand the depths of the alleged SBC/Ameritech-Illinois customer service problems and necessary corrective actions. I will state this message clearly in writing since my earlier attempts to communicate the level of seriousness with which the Commission views these matters apparently have not been heeded. Quite simply, SBC/Ameritech-Illinois has so far failed to provide an analysis of the depths of its alleged retail service problems, and so far has failed to communicate its strategy for how to improve such customer service and so far the level of customer complaints and inconvenience appear not to have subsided. As Chairman I will not accept vague answers to specific problems or inaction by SBC/Ameritech-Illinois.

I expect SBC/Ameritech-Illinois immediately to begin to present follow up information, with metrics, to this Commission based upon the specific inquiries detailed above. I expect all of the information to be presented to this Commission by noon September 28. I also expect SBC/Ameritech-Illinois to immediately inform the Commission and its retail and wholesale customers of efforts that are underway to address the service problems that are being experienced on a daily basis and when such customer service problems will be corrected.

### **Response:**

#### **1. Consumer Services:**

##### **Steps taken to correct customer service problems**

- Created a specialized workgroup (CNRC: Consumer Network Resolution Center), to handle customer inquiries pertaining to installation appointments. The personnel at this center have been provided with special access into our Network organization in order to escalate problems. The CNRC was started on August 15. Since this time, the center has handled over 49,000 calls from Illinois customers. This is the equivalent of approximately 33 additional SR's.
- Implemented new hours in our customer care channel (M-F 7 am-7pm and Sat. 9 am-1 pm) designed to improve our accessibility and speed of answer for inbound customer inquiries. This had the impact of adding the equivalent of approximately 60 Service Representatives on Tuesday – Friday.
- Obtained additional service representatives (SRs) from other business units/workgroups to improve accessibility. We have borrowed 25 additional Service Representatives from our Collections organization.
- Offered unlimited voluntary overtime (throughout the week) and mandatory overtime on certain days. Beginning in August, we implemented mandatory overtime in all of

our Illinois centers (except Dayton where it is not permitted). We are requiring each SR to work an additional ½ - 1 hour on Monday and Tuesday to help improve accessibility during our busiest days. This has provided us with the equivalent of 60 additional SR's in August and September.

- In order to provide additional on-line resources, we are having new SR's who have received basic billing and inquiry training to take calls on Mondays and Tuesdays to answer customer-billing inquiries. The number varies from week to week depending upon the number of SR's in training.
- Increased hiring plans for the remainder of the year. We have increased our hiring plans for the remainder of 2000. We expect to add approximately 100 new SR's above our current staff levels by the end of 2000.
- Increased the use of vendors to support non-complex calls to free up existing SRs. Vendors are now taking customer calls to disconnect service. This represents approximately 25 equivalent SR's for Illinois.
- Delayed continuation training (all but the most critical) from June-December. When needed training is being done after-hours and on Saturdays whenever possible.
- Re-prioritized less critical offline work in order to increase online support. This has provided Consumer with approximately 20 additional on-line SR's on a daily basis.
- Instituted a "war room" command center (manned by key consumer and network personnel) to track backlogs and to more quickly resolve operational issues.
- Increased the number of contact quality observations and increased focus on feedback to SRs and process designers in order to improve service and processes that are impacting customers.
- **What are we doing to notify customers about these efforts?**
  - Instituted queue announcements and IVR changes advising customers of: the estimated wait time, the best times to call, and providing automated service alternatives.
  - Bill page messages to inform customers of automated service alternatives and best times to call.
  - Media relations been kept abreast of servicing changes.
  - Empowered the CNRC (specialized work group) with improved methods and procedures and servicing latitude to better inform customers who have network and installation inquiries.

## 2. Business Customer Services

- Increased agent staffing by 58% and added focus on adherence to schedules has resulted in:
  - Service levels improvement since the first of the year - year to date average of 84.4% / 24 seconds average speed of answer (ASA) vs. January results of 79.8% / 32 ASA
  - Consistent scheduled close key time in centers for customer follow-ups and commitments; minimum of 30 minutes each day, Wednesday through Friday; oftentimes Monday through Friday
  - 90% of the requests for training and development have been scheduled and completed this year. Our agents are more knowledgeable and satisfied with the development made available
- Increased staffing of area managers by 37.5%, changing (span of control) manager to agent ratio from 14 to 15-1 to 12-1 resulting in
  - increased availability to new students
  - added to the quality and amount of coaching time devoted to our service representatives
  - quicker identification of performance issues
- Escalation teams established in several of our call centers to care for more complicated customer issues before they reach the appeal level - rest of the centers will be implemented before the end of this year; call center originated appeals have been reduced 50%
- Opened a billing center for our complex customers to further enhance our care for customer billing inquiries
- We are leveraging SBC best practices and recently implemented CSQ (customer service quality), an active and comprehensive feedback model for our customers to communicate their level of satisfaction with our service
- Over the next six months work will be done on our VRU menu to make the language more customer friendly and aligned to the volume of call type decreasing the amount of time our customers will spend in the VRU
- Focus on staffing and training in our call centers will continue

## 3. Network Services:

### Operation Pride:

- Specific to Illinois: 9/18/00 – 9/26/00

— Average Techs on Installation Daily	854
— Average Techs on Repair Daily	1263
— Average Construction loans daily	275
— Average Techs loaned from (SWBT/PAC)	105

*(There is additional workforce loaned into Operations centers to assist with monitoring Installation/Repair loads and customer statusing.)*

— Average Repair cleared daily	4375
— Averaged Installation Completed daily	6207
— Average Interval Installation Consumer	11 MTD
— Average Interval Installation Business	5 MTD
— Average Repair OOS Consumer	
— Chicago Metro	3 MTD
— Downstate	2 MTD
— Average Repair OOS Business	
— Chicago Metro	2 MTD
— Downstate	1 MTD

#### **Ameritech Network Repair Center Service Improvement Plan**

- Regionally, 84 additional front line personnel will be hired. 10 will be located specifically in Springfield, Illinois. 54 of these will be designated for call answering only; thereby increasing the accessibility to the centers by as many as 100,000 calls monthly.
- Training of new employees is currently being conducted in 2 shifts to place call-answering personnel on line as quickly as possible.
- An additional 4 managers will be hired in Illinois, 2 in Springfield, and 2 in Irving Park, to serve as Customer Advocates. Their roles will include managing service leaders, monitoring the local traffic/force load, and escalating customer trouble reports as appropriate.
- In Aug 00, a reorganization added the responsibility of the Springfield, IL. center to the local Illinois Area Manager bringing the two Illinois call centers under 1 management team.
- Efforts are under way to reduce the number of subsequent calls in order to allow for increased accessibility of initial customer calls.

**GCI Exhibit 2.5**

**Service Quality Measures, Standards, and Escalation Factors  
in the Proposed Service Quality Incentive Mechanism**

GCI Exhibit 2.5  
Service Quality Measures, Standards, and Escalation Factors  
in the Proposed Service Quality Incentive Mechanism

<u>Measure</u>	<u>Standard</u>	<u>Escalation Factor</u>
POTS % Installations Within 5 Days	95.44%	$1 + [(\% > 5 \text{ days} - 4.56\%)/(2 * 4.56\%)]$
Trouble Reports per 100 Access Lines	2.66	$1 + [(\text{Trouble rate} - 2.66)/(2 * 2.66)]$
POTS % Out of Service Over 24 Hours	5.0%	$1 + [(\% \text{OOS} > 24 - 5\%)/(2 * 5\%)]$
Operator Average Speed of Answer—Toll & Assistance	3.6 sec.	$1 + [(\text{ASA} - 3.6)/(2 * 3.6)]$
Operator Average Speed of Answer—Information	5.9 sec.	$1 + [(\text{ASA} - 5.9)/(2 * 5.9)]$
Operator Average Speed of Answer—Intercept	6.2 sec.	$1 + [(\text{ASA} - 6.2)/(2 * 6.2)]$
Trunk Groups Below Objective	4.5/year	$1 + [(\# < \text{objective} - 4.5)/(2 * 4.5)]$
Average Speed of Answer		
Residential Customer Call Centers	80% in 20 sec.	$1 + [(80\% - \% \text{ in 20 sec.})/(2 * 20\%)]$
Business Customer Call Centers	80% in 20 sec.	$1 + [(80\% - \% \text{ in 20 sec.})/(2 * 20\%)]$
Repair Centers	80% in 20 sec.	$1 + [(80\% - \% \text{ in 20 sec.})/(2 * 20\%)]$
% of Calls Answered]		
Residential Customer Call Centers	95%	$1 + [(\% \text{ not answered} - 5\%)/(2 * 5\%)]$
Business Customer Call Centers	95%	$1 + [(\% \text{ not answered} - 5\%)/(2 * 5\%)]$
Repair Centers	95%	$1 + [(\% \text{ not answered} - 5\%)/(2 * 5\%)]$
POTS Mean Installation Interval	4 bus. days	$1 + [(\text{Mean time} - 4)/(2 * 4)]$
POTS Mean Time to Repair	21 hours	$1 + [(\text{Mean time} - 21)/(2 * 21)]$
POTS % Installation Trouble Report Rate (7 Days)	1%	$1 + [(\text{Trouble rate} - 1\%)/(2 * 1\%)]$
POTS % Repeat Trouble Report Rate (30 Days)	10%	$1 + [(\% \text{ repeats} - 10\%)/(2 * 10\%)]$
POTS % Missed Installation Commitments—Co. Reasons	1%	$1 + [(\% \text{ missed} - 1\%)/(2 * 1\%)]$
POTS % Missed Repair Commitments—Co. Reasons	5%	$1 + [(\% \text{ missed} - 5\%)/(2 * 5\%)]$
POTS % Missed Installation Appts.—Co. Reasons	1%	$1 + [(\% \text{ missed} - 1\%)/(2 * 1\%)]$
POTS % Missed Repair Appointments – Co. Reasons	1%	$1 + [(\% \text{ missed} - 1\%)/(2 * 1\%)]$